

Insurance Department Takes Control of Owensboro HMO to Protect Policyholders and Seek Smooth Transition

FRANKFORT, Ky. - The Kentucky Department of Insurance obtained court approval today to take control of an Owensboro HMO plan that is going out of business on Oct. 31.

"We are taking immediate control of the MedQuest HMO business to protect policyholders, try to assure final payment of health insurance claims and push for smooth transition for up to 11,000 family members affected in Owensboro and surrounding counties," said Insurance Commissioner George Nichols III. MedQuest's Board of Directors consented to the department's action prior to the court approval.

Nichols also announced that he and his key staff from the state regulatory agency would appear at a town forum in Owensboro on Thursday at 7 p.m. to answer questions from the public. The forum will be in the Texas Room of the Rivermont Executive Inn, 1 Executive Boulevard, Owensboro.

"We want policyholders and employers to know they will have other options for health insurance, with competitive rates and a provider network where most families can stay with the same doctor, pediatrician or OB-GYN," Nichols said.

"This forum is important for us to make sure policyholders get answers and know we're there to help," Nichols said.

The last HMO to go out of business in Kentucky was Mountain Trails of eastern Kentucky, declared insolvent on Sept. 23, 1987.

Up to 11,000 family members with MedQuest HMO coverage must choose other insurance before Nov. 1. Policyholders whose insurance cards show the HMO names of *MedQuest Choice* or *MedQuest Complete* are affected by today's announcement. MedQuest will continue offering its doctor network to self-funded employer groups, shown on insurance cards as *MedQuest Preferred*.

MedQuest policyholders will have a choice of health benefit companies; Anthem is the largest in the region and its rates and doctor network are comparable to the current MedQuest plan. Anthem plans a special transition team because of the large number of groups affected. If employers and policyholders switch to Anthem, Anthem suggests that people on regular prescriptions send receipts directly to Anthem for reimbursement until ID cards are issued. They also will inform doctors and pharmacies of the transition time needed for new enrollees.

Doctors and MedQuest policyholders will continue to forward their bills directly to MedQuest, as long as coverage remains in effect, as late as Oct. 31. The Department of Insurance will directly oversee and control payment. The department will also enforce provisions promising policyholders are held harmless in case there are unpaid balances on medical bills that should have been covered by MedQuest.

Policyholders with continuing medical needs will need to follow the guidelines of their new insurance plan, once they switch coverage, but it is likely that they can continue seeing the same doctor because of the extensiveness of Anthem's doctor and hospital network in Owensboro and surrounding counties.

Since MedQuest began business on June 24, 1996, the department monitored its financial reports the same as for all health insurance carriers. Last year, medical claims exceeded income from premiums significantly. MedQuest was paying about \$1.50 in claims for every \$1 collected in premiums. In November 1998, MedQuest filed for a significant rate hike ranging from 58.1 to 88.5 percent. The rates were effective Feb. 10 of this year.

The public is encouraged to attend Thursday's public forum, log on to the department's web site at insurance.ky.gov or call our consumer hotline at (800) 595-6053 for more specific details of today's announcement.

Note to reporters: A detailed Q&A, answering likely questions from policyholders, can be faxed to you upon request.